

August 22, 1951

STAFF PLANNING PROJECT NO. 26.

TO:

25X1A9a

FROM:

SUBJECT: Economic Deterioration in Taiwan.

The heavy burden imposed by the Nationalist military establishment on Taiwan will continue. Even if the uncontrolled and unplanned character of military expenditures is corrected, the island's financial status will continue to deteriorate, a trend which can be staved off only by increasing U.S. aid. Without such aid capabilities for defense of the island will decrease.